PART II.
EIGHT PAGES.

New-York Tribune.

MISCELLANY,
BOOKS AND ART.

NEW-YORK, SUNDAY, FEBRUARY 25, 1912.

Jacob Gould Schurman Puts Socialism Under the Microscope

This is the fourth article in The Tribune's series discussing socialism.

Cornell's President Sees in This Civic Creed Colossal Dogmas, Unverified and Unverifiable, Among Which Is the Materialistic Conception of History Known as the "Foundation of Socialism." Abolition of Private Ownership, Says the Famous Educator, Would Produce Paralysis of Production and Would Cause the "Equal Distribution" of a Common Poverty.

By Jacob Gould Schurman, LL.D.

IT IS unnecessary to waste space in attempting to define socialism. No definition can be given which is universally acceptable. But socialism as understood by some of its advocates has already been described in these columns. It is this presentation of the system we are now to consider. It may, of course, be necessary to allude to other features and to develop other implications. But an earnest effort will be made to assign nothing to socialism which the socialists themselves would not regard either as an essential part of the system or a necessary deduction from it.

There are some doctrines regarded by socialists as a part of their confession of faith which cause much perplexity to critics otherwise sympathetic. These doctrines do not seem to be a logical or necessary part of the system. And they are dogmas of the most colossal magnitude—dogmas unverified and unverifiable. And, still worse, they are of such an abstract and metaphysical character that a man who is not an expert in metaphysics or the philosophy of history could scarcely be expected to understand them, much less to accept or advocate them.

THE MATERIALISTIC CONCEPTION.

One of these colossal dogmas is the so-called materialistic interpretation of history. We are gravely assured that this is "the foundation of socialism." This dogma is lauded as one of the greatest discoveries of modern times. Yet it is as old as philosophic thinking, for it is merely a special form of materialism. The dogma was presented to the socialists by Karl Marx. A descendant of Jewish rabbis for many generations, Marx inherted the ancestral bent for subtle dialectics and rash speculation. In his youth Hegel's philosophy, the most speculative system of modern times, was in the ascendent in Germany, and Marx became an adherent of the school. When the reaction against Hegelianism came Marx went with the left wing to materialism. His dogma of the materialist interpretation of history is a crude attempt to explain the development of mankind by the crass old doctrine of materialism set forth in the new and strange light of Hegel's dialectics.

The materialistic conception of history is neither better nor worse than any other system of materialistic philosophy. Materialism is a mode of thought which makes a certain appeal to the ignorant and to the half-educated. It has always been discarded by the deepest thinkers, and is to-day without serious advocates. In the marts of thought it is silent, or if it lifts its voice no one regards it.

TRIUNE NATURE OF MAN.

Man *has* a bodily organism, but he *is* a mind and spirit. Any theory of man which takes account only of the body ignores his real nature and essence. And Marx's theory that the course of human history has been governed by the modes in which men satisfy their bodily wants ignores the great truth that man lives not by bread alone. Starvation and bread riots have indeed shaped the course of human history; but so have religious faith and moral ideals, and political aspirations and legal institutions, and scientific truths and philosophic speculations. And the socialist philosopher who sits down to explain the course of human history must recognize that these intellectual, moral, religious and political elements have at least as real and substantive a place in the human economy as the desire of food and drink and shelter and bodily comforts and the economic institutions to which they give rise. While Marx's antecedents and personal history explain his adoption of materialism, it is none the less regrettable that he should have bound socialism in such mean and narrow swaddling clothes. It has proved a veritable nightmare on the minds and hearts of working men in all parts of the world who have been fascinated by Marx's dream of a co-operative industrial commonwealth.

DOCTRINE OF CLASS STRUGGLE.

Another of the colossal dogmas put forward by socialists as an integral part of socialism is the doctrine of class struggle. "The whole history of mankind," as Engels put it in the introduction to the "Communist Manifesto," "has been a history of class struggles, contests between exploiting and exploited, ruling and oppressed classes." When the socialists are charged with making unworthy appeals to passion and stirring up class hatred they reply that they are merely formulating a law of social development for whose existence they are no more responsible than Newton was for the law of gravitation. The economic foundations of society, they say, involve class divisions; consequently, class struggles. And in these struggles the ruling class has always asserted its own interests. Nay, more, The prevailing system of political institutions, of law, of morality even, are all determined by these class struggles and settled in the interests of the exploiting class. In the present stage of social development the conflict culminates and expresses itself in the antagonism between the wage paying and the wage paid classes. The former class, the capitalists, dominate in their own interests not only our industries, but our schools and churches and institutions of government. And the socialists openly assert that the legislative, executive and judicial powers of government are controlled by the capitalists, as also the police and military forces. Class legislation in the interests of the employing class has been enacted, while workers have begged in vain for protective legislation. In socialist literature the judges are special objects of opprobrium, and the phrases "judicial tyranny" and "servile judiciary" occur and recur *ad nauseam*. The darkness of the outlook and the bitterness of the oppressed are enough to fill one with despair; but from despair the socialist is finally saved by the prospect of a better day, when the wage earners will have effected a political and economic conquest of society and ended class divisions and class struggles once and forever. For in this field, too, Hegel's dialectical method supplies Marx with the formula of development. Ideas, according to Hegel, tend to pass over into their opposites. The class struggle, too, says Marx, will pass over into its opposite when the wage earners have conquered the other classes of society; the proletarians in emancipating themselves from the sway of the capitalist will emancipate "society at large from all exploitation, oppression, class distinction and class struggles."

The history of civilization shows that truth is rarely reached except by way of extremes which are falsehoods. As Schiller said, "We must have foolishness even to exhaustion before we arrive at the beautiful goal of calm wisdom." The colossal dogma of class struggles surely illustrates this observation. Enthusiasts, whether moral or intellectual, so quickly lose perspective! A generation ago we were told that evolution meant the triumph of irreligion and agnosticism. In the interval we have learned what evolution means, and especially what it does not mean. And churchmen and philosophers to-day have become evolutionists. There is a truth undoubtedly in the socialistic dogma of class divisions and class struggles. But it is a truth which the socialist has exaggerated into falsehood. Let me make this clear by an illustration.

THE EXAGGERATION EXPOSED.

Let us take the city of Schenectady, which now has a Socialist Mayor. Let us suppose that in this city a skilled workman or a merchant with a small business has saved $5,000; or, if he has not saved so much, that he has saved $2,000 and can borrow $3,000. He is a man of demonstrated integrity and business ability; he conceives the idea of establishing a new enterprise, for which capital to the extent of $100,000 is necessary; he outlines a plan and lays it before his friends and neighbors who have saved money, which, of course, they desire to invest; they have confidence in the man and his plan looks hopeful; they decide to invest their money in the business; the enterprising manager later secures buildings, purchases machinery, hires laborers; and he must have money enough to pay the wages of the laborers and the other operating expenses of the business until receipts come in from the sale of commodities. The leader of the enterprise pays wages; the workmen receive them. He belongs to the class of employers; they belong to the class of employes. Here at once is a difference in class growing out of the organization of modern industry. It may also be freely admitted that the workmen want as high wages and as short hours as it is possible to get. They do not, however, make demands so extravagant as to bankrupt the business.

In other words, although there is in this business a class called the employers and another class called the employes, and some of their respective interests are divergent, they are united in an all-dominating interest to save the business from bankruptcy and to make it such a success that the manager may be able not only to pay wages and operating expenses, including depreciation, but the rent for his buildings, interest on capital and a high salary for himself as the organizing, initiating and, one might almost say, the creative genius of the entire concern. This example clearly shows, as John Mitchell has often said, that there is no necessary antagonism between capital and labor. This Schenectady capitalist has added a new industry to his city, given employment to a large number of wage earners, furnished his thrifty neighbors with a good local investment, given the consuming public something they need, and in return for all these services received a good compensation and, until the competition of others cuts it down, something in the way of profits besides.

AS REGARDS "RULE OF CLASSES."

To call this Schenectady phenomenon class struggle and class hatred is the veriest midsummer madness. Still worse is the socialistic imputation that as a result of the class struggle the capitalistic class shapes and controls in its own interests the education, the morals, the politics and the laws of the modern world. There is no space here to treat of this subject exhaustively. But it may be asked how it is possible, if the rest of us do our duty as good citizens, for the capitalists in the United States to control our legislation when their number is comparatively so small, and all the rest of us—millions altogether—have votes for the election of our law-givers, who speedily lose their places if they do not represent the public opinion of their constituents? I do not deny that capitalists may have bribed legislators and bulldozed governors. But this evil, which is now rapidly disappearing in the United States, is not peculiar to the economic organization of modern society and might as readily occur under a socialistic regime (with the bribers called "bosses" instead of capitalists) as under our present competitive system. And to pass from politics to morals, in what country or clime has a system of morality ever been imposed upon the people by an exploiting class? Morality is, as the word indicates, the mores or customs of the people—that is, the expression of the universal heart and conscience. And when any system of morality is reformed the work has been accomplished, not by a capitalist, but by some moral reformer, poor in this world's goods, but rich in faith and hope and charity and of quick and deep insight into the eternal ideals of truth and justice and temperance and all the sweet charities of domestic and social life.

That law is the expression of class selfishness is, nevertheless, a common declaration of socialists. The rules of law, they say, are established by the self-interest of the dominant class. The ideal of justice is the one which favors most perfectly that same class. The laws protect their property interests and sacrifice the rights of the masses. The law of the liability of the employer to employe was adopted to protect the interests of the former. This is the sort of talk which abounds in socialist literature. It is high time these baseless demagogic declarations were confronted with facts.

So far as law is concerned this has recently been done by Professor Francis M. Burdick, of the Columbia Law School, in an article just published in "The Harvard Law Review." The specific question examined by Professor Burdick is whether the Anglo-American law governing the liability of employer to employe is the outcome of a desire or policy to protect the employers rather than the persons employed. Professor Burdick makes no rash statements on the subject. He merely examines the decisions of English and American courts and analyzes their reasonings. He shows that there is not one iota of evidence for the socialist dogma that law is the expression of class selfishness. On the contrary, the law seems to him "an honest, and in the main adequate, system of principles under which justice can be fairly administered between litigants without respect to class, or rank, or condition."

This, of course, is not to say that the development of law keeps pace with social and economic progress. As a matter of fact, the theory underlying the law of employers' liability has been rendered largely obsolete by the modern system of production by machinery, which is not only large and complex, but often dangerous for workmen. Justice now demands the enactment of workmen's compensation laws which will supersede in large part employers' liability laws.

We are told by the socialist authorities that "the class struggle is the foremost practical doctrine of socialism" and that "those who join the political party must subscribe to it." From the same source we learn that Marx's theory of surplus value is "the doctrine next in importance to that of class struggle." For my own part I regard it as a source of great weakness in socialism that it ties up so indissolubly to the abstract, arbitrary and antiquated speculations of Karl Marx in economics as well as in metaphysics.

Marx's doctrine of surplus value is derived from the older writers on economics. Their theory is that labor alone creates value. This was enunciated by Locke and Petty and Adam Smith, and elaborated into a system by Ricardo. Marx's application consists in the inference that if labor created value the capitalist appropriated to himself whatever surplus remained after a wage had been paid to the laborer merely sufficient for the subsistence of himself and his family. And it must be admitted that the theory of surplus value is a logical deduction from the principle that labor is the sole source of value. And one can understand the indignation with which socialists inquire why if labor creates all value so large a portion of their creation should go to the capitalists.

But Ricardo's theory of labor as the sole source of value and his theory of a mere subsistence wage is now a piece of obsolete economics. It is as antiquated as the eighteenth century biology which Darwinian science has superseded. Ricardo's successors in England—John Stuart Mill, Jevons, Marshall—all abandoned the doctrine, and there is no disinterested economist of any standing in Europe or America who now accepts it. It is not too much to say, therefore, that the basis of the socialistic dogma of surplus value has been undermined by the progress of economic science. It is surely deplorable that in their dogma of the metaphysical conception of history and their dogma of surplus value socialists should be flaunting themselves in the cast-off garments of antiquated metaphysics and economics.

In primitive societies and even in civilized communities antedating the age of machinery the proposition that labor is the sole source of value was not unreasonable. But in our modern world, with its machines for the utilization of the powers of nature and its large-scale industry, capital also plays a large part in the creation of value. Capital may, indeed, be regarded as the accumulated result of past labors. But even when so conceived the men who now lawfully possess capital are entitled to compensation for its use in production. In this service they are not exploiting the laborer; they are co-operating with him to a common end.

Furthermore, besides capital and labor, modern production depends on the initiative and enterprise and directing genius of captains of industry, who, because they create wealth, are entitled to special compensation, yet whose compensation is not generally regarded by socialists as legitimate wages. The energy, the enterprise, the sagacity, the courage, the organizing genius of the men who initiate and direct industrial enterprises are a sufficient reason for their getting a share, and a fair share, of the wealth which they create with the aid of the wage earners.

If the capitalists and managers derive undue profits or exorbitant salaries from their enterprises under our existing economic and industrial organization, combination of other capital and labor soon reduces them to the normal level. The possibility of such competition is the natural safeguard of the existing system. If in any industry competition is suppressed and monopoly establishes itself, then in that industry government regulation in the public interest becomes absolutely necessary. How far it may be necessary to invoke government regulation to supplement the natural law of competition is the greatest problem now before the government and people of the United States.

But socialism, whatever the socialists may say, is not a bundle of metaphysical, ethical and economic speculations. In its essential feature it is a programme for the reorganization and transformation of existing economic society. With a view to the more equitable distribution of the wealth produced by capital and labor, it proposes to abolish private ownership in all the agents and instrumentalities of production and distribution, making the state the sole capitalist and the sole landlord. Economists distinguish between consumers' goods and producers' goods. The former are those commodities which we use to satisfy our wants, like food, clothing, dwelling houses, etc. The producers' goods, on the other hand, are those which are used for the production of new commodities.

Now, while socialism does away with private property in land, in mines, in railways, in factories, in all the machinery used for the production and distribution of commodities, it does not do away with private property in consumers' goods—those things which we regard as necessaries and comforts for a reasonable livelihood. But with the system of private property abolished outside the realm of consumers' goods, it will be seen that under the socialistic organization of society there would be no class living from incomes derived from the rent of land or interest on stocks or bonds or similar investments. For when all land, all industrial enterprises, all railways, etc., had been taken over by the state, then mortgages, deeds and railway and industrial securities would disappear, along with the private ownership on which they rest. Consequently, in the socialist state, there would be no idle class. If a man will not work, the socialists say, neither shall he eat. And the incomes of all adult members of the community would be determined solely by their labor.

JUST AN ECONOMIC CHANGE.

This complete transformation of society is the essence of socialism. And it is to be noted that the transformation is economic only. In its essential feature socialism postulates no other modification of existing civilization except, indeed, such changes as may necessarily result from that fundamental economic transformation. Morals, religion, politics even, might remain as they are to-day. So might the institution of the family also, except that when the state instead of the parents provides a livelihood for children this economic change would inevitably produce some change in the existing organization of the family. Nor is socialism as an economic transformation of society concerned with theories of government. In America naturally socialists are adherents of democracy. And perhaps democracy is the ideal of most socialists in other lands. Nevertheless there have been great socialists who accepted governments both of the monarchical and aristocratic type.

Socialism is a protest against existing inequalities of fortune and the helplessness of the working man in consequence of the appropriation by capitalists of the land, factories, work shops, railways and all the instrumentalities of production and exchange. All these properties are to be transferred from their present private ownership to the ownership of the state. The advantages which they bring in production and exchange are to inure not to the benefit of favored indivduals, but to the community as a whole. The industrial revolution, the socialists tell us, has developed a small number of propertied classes and a vast army of unpropertied classes. And the antagonism between them has grown so acute that private ownership in the interest of the few must finally give way to public ownership in the interest of all. Manufacturing, business, transportation would go on under the socialistic state as they do to-day, but the properties by means of which these functions are performed would be owned and managed by the state for the benefit of the community as a whole.

A VAST IMPRACTICABILITY.

The first thing that strikes one in the socialistic programme is its vastness. Socialists talk of the state as an almost omnipotent and omniscient agent of humanity. For all practical purposes, however, the state consists of a small number of average men whom, in democratic countries, the citizens elect by ballot to perform certain public functions at the seat of government. In the legislative and executive departments they make and administer the laws and conduct the public services. In the United States the central government possesses under the Constitution a minimum of governmental functions. Yet even among us the public business is conducted with much less energy and efficiency than private business. Although some European states own and manage the railways—never, however, with great success—we hesitate to invest our government with this function because of its incompetency as a business agent and the inefficiency to which it is doomed by partisan politics. Yet socialists talk jauntily of throwing upon this band of administrators and politicians in Washington the burden of managing all the industries of the country.

We have millions of farms and factories, and their prosperity is the admiration of the world. They are owned by individuals and managed by individuals. Individual ambition, self-interest and enterprise guarantee their success. When they prosper the individual owners reap the advantage. When they decline or fail it is the owners who suffer. However it may be in the higher walks of life, in productive industry at any rate men do their best only when they enjoy the fruits of their labors and suffer the consequences of their neglect.

The socialists defy this law of human nature. They divest men of responsibility for their own affairs; they turn millions of farms and factories over to the state. The undertaking is so immense that if the Washington government were composed, not of average men, as it is, but of the ablest men the human race has ever produced, the task would overcome their powers and paralyze their endeavors. The theorists who propose such a revolution in the name of reform are strangely blind to its far-reaching sweep and magnitude. It requires a great effort of imagination even to realize the value of the enormous annual volume of our products. In the census year of 1910 it is estimated that our farms and factories and fisheries and mines produced commodities of a value reaching from $30,000,000,000 to $35,000,000,000. This does not include the cost of the transportation and distribution of these commodities. Those functions of production and distribution are now performed by millions of individuals who, while pursuing their own interests at the same time serve and benefit the community. Yet to satisfy the demands of a revolutionary theory socialists would take out of the hands of our present owners—farmers, manufacturers and others—the multifarious sources of this wealth and intrust to an unskilled government at Washington the management of a vast all-embracing network of national business of infinite variety, of a value immeasurable and practically unimaginable and of a range, extent and complexity calculated to satisfy all the needs of 100,000,000 American consumers!

A PARALYSIS OF PRODUCTION.

Even if the socialistic reorganization of society were practicable, on economic grounds it must be pronounced undesirable. What people want is not merely equal incomes but good sized incomes. Marshall tells us that in Great Britain, although during the last generation the average money income of the people has more than doubled and the price of almost all important commodities except animal food and house room has fallen by one-half, or even further, it is nevertheless a fact that even now if wealth were distributed equally the total production of the country would only suffice to provide necessaries and the more urgent comforts for the people. Some artisans' families, he says, earn about £200, or $1,000, a year, and would gain nothing by an equal distribution of wealth. American economists consider $1,000 a year a liberal estimate of the average income of families in the United States. While those figures would represent a gain for many wage earners, they would fail to realize the pictures which socialists have painted of the wealth, prosperity and happiness of socialistic communities.

From an economic point of view, therefore, socialism (if for the time being we overlook the fact of its impracticability) must stand or fall according to the effect which the system has on the productive powers of the nation. To start with, the socialists propose to transfer all land and capital to the ownership of the state. Confiscation would be a great wrong to present owners, and therefore some form of purchase or compensation has been quite generally suggested. For a generation or so after the system came into operation the state would, we may assume, pay annuities to the former owners of land and capital. During this period the productive industries of the country would be saddled with a charge which may not unfairly be compared with the aggregate interest which under our present competitive system of industry is paid to the owners of capital for the use of their funds in production. But even after this debt had been extinguished the productive industries of the socialistic state would almost certainly yield less to the community than these industries do when competitively managed under our present system. This proposition can be demonstrated in a way conclusive to intelligent and disinterested thinkers.

FACTORS OF PRODUCTION.

What are the factors which make our industries productive? They are the labor of the wage earners, the initiating and directing genius of managers, machinery and other capital goods of the most modern type and of the most ample variety and thorough efficiency, and, lastly, inventions by which the processes and instruments of production are being constantly improved, along with continuous investigations and discoveries in science which those inventions are forever applying to industry.

These are the most important factors making for the productiveness of modern industry. But nearly all these factors are rendered efficient by the spur of private interest, by the inducements of gain or fortune. The highest work of man—moral, intellectual, artistic—is least affected by these self-regarding considerations; the preacher of righteousness, the good physician, the genuine teacher, the creative artist, the inspired scientific investigator, are little influenced by the compensations they receive from society, provided only there is sufficient for a modest livelihood.

SLOW GROWTH OF ALTRUISM.

But on the lower plane of human activity grosser motives dominate. Coarser labors must be purchased by coarser rewards. Of course, the human race is improving, and will improve, and the spirit of altruism gradually but slowly gains more power in human affairs. But at any date which may be named within a century or more for the inauguration of the socialistic state human nature will be pretty much what it is to-day. And it is Emerson who says of men that they are all as lazy as they dare to be. Under the socialistic regime, therefore, the laboring men (the wage earners, as they are now called) being assured of a fair income and a fair day cannot be expected to work as hard as they do under the present competitive system in which the wages they receive bear a relation to the quality and productiveness of the labor which they perform.

Similarly the captains of industry, whom emulation and competition and the prospect of personal gain incite to the highest pitch of energy and the utmost reach of genius, will be without these motives for the exertion of their powers. Yet it is precisely the aggressive energy and ambition of these men which more than any other single factor have built up our system of modern industry. Even if we imagined for a moment that they retained a considerable portion of their present ambition, energy and efficiency, they would find themselves hampered by prohibitions in the use of measures which, under our present competitive system, they find indispensable for the success of their enterprises. If the men under them are incapable or lazy or slack in efforts, managers now dismiss them; and the fear of dismissal co-operates with the desire of gain to incite everybody to his best endeavor. But in a socialistic state in which the industries of the country were managed by officials elected by the citizens no workman (unless he were a

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